

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DOTE-00 COME-00 TRSE-00 SCI-06

CEQ-02 EPA-04 L-03 CIAE-00 DODE-00 INR-10 NSAE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3984

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

UNCLAS LONDON 10544

DEPT PASS COMMERCE (OIBA), DOT

E.O. 11652: N/A

TAGS: ETRN, UK, FR

SUBJECT: CHANNEL TUNNEL PROJECT APPROVED

REF: LONDON 9177

1. HMG HAS ANNOUNCED AGREEMENT REACHED WITH FRENCH GOVERNMENT AND BRITISH AND FRENCH CHANNEL TUNNEL COMPANIES TO PROCEED WITH 846 MILLION POUNDS CHANNEL TUNNEL PROJECT. ANNOUNCEMENT FOLLOWS SEVERAL MONTHS OF DIFFICULT NEGOTIATIONS BETWEEN GOVERNMENTS AND PRIVATE CHANNEL TUNNEL COMPANIES OVER FINANCIAL AND PROFIT-SHARING ARRANGEMENTS (SEE REFTEL AND PREVIOUS). NEXT STEP WILL BE INTRODUCTION OF MONEY BILL IN PARLIAMENT IN OCTOBER AUTHORIZING GOVERNMENT'S SHARE OF EXPENDITURE ON PHASE II OF PROJECT (ABOUT 11 MILLION POUNDS OUT OF TOTAL PHASE II COST OF 30 MILLION POUNDS). MONEY BILL CERTAIN TO RAISE SHARP DEBATE IN PARLIAMENT BUT GOVERNMENT APPEARS REASONABLY CONFIDENT OF PASSAGE.

2. CHANNEL TUNNEL DECISION WAS COUPLED WITH AN ANNOUNCEMENT THAT PROJECTED OPENING DATE FOR THIRD LONDON AIRPORT (MAPLIN)
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HAS BEEN MOVED BACK TWO YEARS TO 1982. THIS MOVE APPARENTLY CALCULATED TO DISARM SOME OPPOSITION TO TUNNEL PARTICULARLY

AMONG MP'S CONCERNED ABOUT HEAVY DRAIN ON PUBLIC RESOURCES THAT MIGHT BE CAUSED BY HUGE MAPLIN PROJECT (1 BILLION POUNDS) BEING UNDERTAKEN AT SAME TIME AS TUNNEL PROJECT. IF BOTH PROJECTS GO FORWARD, GOVERNMENT ESTIMATES ANNUAL EXPENDITURE ON BOTH WILL PEAK NEAR END OF DECADE AT ABOUT 150 MILLION POUNDS OR ABOUT 0.3 PERCENT OF GROSS DOMESTIC PRODUCT.

3. ALTHOUGH GOVERNMENT DECISION TO GO FORWARD WITH PROJECT TECHNICALLY INVOLVES ONLY A COMMITMENT TO CARRY OUT PHASE II WITH FINAL DECISION ON MAIN CONSTRUCTION WORK (PHASE II) FORMALLY TO BE TAKEN IN 1975, YESTERDAY'S ANNOUNCEMENT CHANGES SHARPLY STATUS OF PROJECT. WHEREAS PREVIOUSLY IT WOULD GO FORWARD ONLY IF GOVERNMENTS AND COMPANIES ALL AGREED, NOW IT WILL GO FORWARD TO COMPLETION UNLESS ONE OF PARTIES DECIDES TO BACK OUT. THIS PRESENTLY REGARDED AS UNLIKELY.

4. IDEA OF A TUNNEL LINKING UK AND FRANCE HAS BEEN TALKED ABOUT IN BOTH COUNTRIES FOR MORE THAN 150 YEARS. BARRING UNFORESEEN CIRCUMSTANCES, IT NOW APPEARS IT WILL AT LAST BE ACCOMPLISHED. TUNNEL CONSTRUCTION WILL UNQUESTIONABLY HAVE FAR-REACHING IMPACT ON FUTURE TRANSPORTATION AND TRADE PATTERNS BETWEEN UK AND THE CONTINENT, FULL IMPLICATIONS OF WHICH STILL NOT COMPLETELY UNDERSTOOD OR APPRECIATED ON THIS SIDE OF CHANNEL. SOHM

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